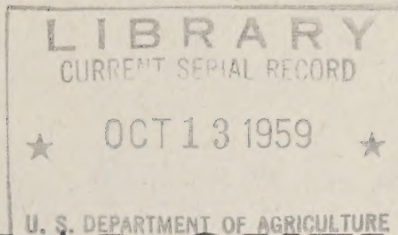


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# The AGRICULTURAL OUTLOOK DIGEST

AGRICULTURAL MARKETING SERVICE, U.S.D.A.

WASHINGTON, D. C.



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First estimate of total wheat production for 1959 indicates that wheat stocks will continue to pile up through 1959-60.

1959 crop is forecast at 1,182 million bushels, well below last year but the fifth largest of record. July 1 carryover is expected to total 1,285 million. Allowing for the small quantity to be imported, total supply for 1959-60 adds up to a record 2,475 million bushels.

Use in 1959-60 is expected to hold close to this year's figure of slightly over a billion bushels. ...domestic use may be up a little because of population growth but exports may fall some because of bigger crops in importing countries.

Carryover of 1,420 million bushels on July 1, 1960 is indicated by the supply and disappearance estimates. This is two-fifths more wheat than was used in the U. S. or exported in 1958-59...it nearly equals last year's record crop.

About usual seasonal decline in wheat prices is expected. Price is not likely to fall as far below support as last year because of adequate storage space, smaller crop, and less wheat ineligible for support loans. Support level for 1959 crop is \$1.81...for 1958 crop it was \$1.82.

LIVESTOCK. Increase in hog production is slowing down. Farmers reported around June 1 that they planned for 8% more sows to farrow this fall than last, enough to produce 9% more pigs if an average number per litter is saved. The spring pig crop was up 12% from a year earlier...the 1958 fall crop up 17%.

Total crop for 1959--the spring crop plus the intended fall crop--numbers 104 $\frac{1}{2}$  million, 9.8 million above 1958. Production is highest of the postwar period, and exceeded only by the crops of 1942 and 1943 when production was stimulated by war-time measures.

Hog prices may rise seasonally with the summer slackening in marketings. Then they will decline as the 1958 spring crop starts coming to market.

Heavy slaughter of fed steers and heifers, low marketings of cows and calves continue to mark the cattle situation. Slaughter of fed stock will stay heavy this summer, and somewhat above last year. Prices are likely to continue strong because of reduced slaughter of nonfed animals.



DAIRY. Prices of lower grade cows have increased as beef producers have withheld breeding stock from market to rebuild herds. This provides a greater incentive for dairymen to cull existing herds closely, or to shift to the beef enterprise. If this situation continues, it would tend to restrain milk production in 1960.

EGGS. Prices are likely to rise seasonally this summer but probably will stay under last summer. Production probably will continue to exceed commercial use for some weeks.

Laying flock is likely to drop to or below a year earlier by end of 1959. Culling is likely to be greater and hatch of replacement chicks has dropped sharply, beginning with May. But higher production per hen is likely to hold output above 1958.

BROILERS. Sharp price rise is likely by the end of July. Marketings will be down because settings of eggs in incubators since mid-April have been running below recent months and a year earlier. Consumer demand in July will be at its summertime peak.

FATS AND OILS. Larger population is consuming more food fats per person this marketing year than last. Total disappearance is up 5% from a year ago and at a record level. Shortening shows sharpest increase...also up are margarine, direct use of lard, salad and cooking oils. Butter use is about the same. Exports also are running at peak levels.

Sharp rise in stocks of food fats is expected, despite high disappearance. Supply this year is up far more than use. Soybeans will account for most of increase though more lard and vegetable oils will be on hand.

FEED. Grain prices probably have reached the highest level of this marketing year... in May they averaged at about last year's levels. Seasonal declines are likely for all 4 grains this summer and fall.

FRUIT. Heavier production than last year is in prospect. More pears, peaches, apples, apricots, fresh plums, sour cherries, dried prunes are expected. On the down side are sweet cherries and strawberries.

POTATOES. Significantly smaller supplies than a year ago are expected the next few weeks. Prices are likely to remain relatively high, following the sharp rise of recent weeks.

FRESH VEGETABLES. Early summer onions and cucumbers are forecast at 28% and 9% over last year. Production of most other vegetables for early summer harvest probably will be fairly close to 1958. The cantaloup supply for early summer is about the same as last year, but watermelons are down substantially.

TOBACCO. Production of cigarettes in 1958-59 hit a new high of 480 billion, 7% above the preceding year. Cigar and cigarillo consumption also was up 7% to 6-3/4 billion. Output of smoking tobacco and snuff held at 1957-58 levels while chewing tobacco production dropped 2% to a new low.